



**Federal Aviation
Administration**

**Russ Chew 1-800-FAA-NEWS Phone Message
January 27, 2006**

Hello, this is Russ Chew with this week's update for January 27.

Let me start this week's message by saying again that I have enormous confidence in the ability of our people to stand and deliver. So while it's taken some time, we are making important strides around managing our costs. Validated and more timely cost information is finally becoming available to us from Delphi, our cost accounting system – something our finance folks have been working very hard to deliver for the last two years. What this means is that for the first time in our history, our facility managers can now access cost variance reports - reports that compare planned costs to actual costs - on a year-to-date basis. Our goal for 2006 is to make these cost reports available soon after every month ends, so that our managers can actually use them to not just monitor actual spending, but also as the basis for financial planning for their facility.

Combining this with operational information, our facility managers will be able to plan for and manage the balance between the quality and quantity of the services we deliver, against actual resources and costs of providing it. Access to this information will be through the new ATO Budget Execution Tool – or B-E-T. This tool will help managers to monitor key management information, such as staffing levels and activity volume; and automatically compute key management metrics; such as unit costs; staffing ratios, and average labor, travel and training costs. This is a huge step towards managing ATO more effectively. From the beginning, our goal has been to push the authority and responsibility for managing

resources, costs, and spending to the facility level; and this new tool is the foundation for finally being able to do just that.

What you may not know is that we are already using this tool to help us figure out how to meet the very challenging budget shortfall this year; mainly caused by the government wide rescission. Gene Juba, ATO's senior vice president for finance, will soon be reporting on our revised funding allowances for the remainder of this fiscal year. At the highest level, these financial allowances are being prioritized toward preserving the funds needed to hire for the retiring controllers and technicians, continuing to improve our management focus and training, and paying for the much-needed service area and flight service restructuring costs.

There's no question that this will be our most challenging budget year ever, and the cuts to our operations budget will go deep into the services, programs, and plans that our customers and employees would like to keep. So I expect every ATO manager to eliminate unnecessary spending and look for new ways to reduce our overhead and operating costs – so we can preserve every dollar that goes into running the best air traffic system in the world. Let's not get distracted by the volatility of our current labor negotiations, but concentrate on keeping a positive view toward what we must do to make ourselves better. Our owners and taxpayers deserve our best.

As I've often said before, our employees inspire me with their dedication and professionalism, but never so much as their response last year -- a record year for hurricanes. For this reason, I'm proud to be taking part in the hurricane relief effort awards program on February 8th, which honors the above and beyond efforts of so many of our employees. FAA executives will be in Atlanta, Fort Worth, Houston, Miami, New Orleans, Oklahoma City, and Washington for this important event.

And speaking of relief efforts, we're at the end of the CFC campaign. I recognize there are many worthy needs and causes competing for your attention, especially this year. With Tuesday, January 31st as the last day for any new pledge cards, I want to provide a status report on where we stand in the ATO's National Capital Area Campaign. As of January 25th, we have donated more than 248 thousand dollars, and reached sixty nine percent of our goal. ATO's participation in the Capital area stands at fourteen percent.

The CFC campaign features hundreds of charitable organizations that reach every aspect of the human condition. As a reminder, I'd just like to say the CFC is our chance to make a difference in the life of a person who needs it, and I want to thank all who have participated.

Finally, On January 27, the National Academy of Public Administration and the American Society for Public Administration announced that Joan Bauerlein, Director of Research and Development for ATO Operations Planning, is the winner of one of this year's National Public Service Awards. The National Public Service Awards Program recognizes individuals who exhibit the highest standards of excellence, dedication, and accomplishments over a sustained period of time, and who are creative and highly skilled career managers at all levels of the public service. Only five people are chosen each year to receive this prestigious award. Congratulations Joan.

That's it for this week. Thanks for listening, and I'll talk to you again next week.